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Tenth session
Istanbul, 8-19 April 2013
Item 5 of the provisional agenda*
Forests and economic development

Letter dated 19 December 2012 from the Permanent Representatives of Ukraine and Switzerland to the United Nations addressed to the Secretary-General

The Permanent Representatives of Ukraine and Switzerland to the United Nations present their compliments to the Secretary-General of the United Nations and have the honour to transmit the enclosed final report entitled "Forests in a Green Economy for Countries in Eastern Europe, Northern and Central Asia: Lviv Forum" (see annex).

In the light of the importance of the report and its relevance to the work of the United Nations, particularly in the field of forests and economic development, we would appreciate it if the present letter and the report were issued as a formal document of the tenth session of the United Nations Forum on Forests. The two countries are further prepared to present their individual experiences with Forests in a Green Economy, in plenary, under one of the agenda items of that session.

(*Signed*) Paul **Seger**
Permanent Representative of Switzerland to the United Nations

(*Signed*) Yuri A. **Sergeyev**
Permanent Representative of Ukraine to the United Nations

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Annex to the letter dated 19 December 2012 from the Permanent Representatives of Ukraine and Switzerland to the United Nations addressed to the Secretary-General

Country-led initiative: "Forests in a Green Economy for Countries in Eastern Europe, Northern and Central Asia: Lviv Forum"

Lviv, 11-14 September 2012

Excerpt[1]

Foreword by the Head of the State Forest Resources Agency of Ukraine (host country)

From 11 to 14 September 2012 the International Forum on "Forests in a Green Economy" for Eastern Europe, Northern and Central Asia was held in Lviv, one of the most famous Ukrainian cities. At the Forum over 130 forestry professionals from 34 countries, including representatives of forest administrations, scientific organizations, politicians and international experts gathered together to share experiences and identify opportunities for the application of the concept of a green economy in the forestry sector.

The Forum worked in both plenary sessions and working group discussions that made it possible for participants to get more deeply acquainted with the concept of a green economy, the related opportunities and emerging risks.

The Forum participants also had the opportunity to familiarize themselves with forest management in Ukraine in the following areas — close to nature forestry, forest recreational services and wood processing. The level of forest management was highly rated by the guests of the Forum. Among other things, the Lviv Forum on Forests in a Green Economy has become for Ukraine a solid foundation for enhancing the capacity of its forest sector representatives and by making available the advanced experience of the participating countries. The Forum also set the foundation for productive work on forming a consolidated dialogue that will ensure the development of the green economy, and strengthened mutual cooperation between countries in the region that are interested in systemic changes and the development of forest management.

The main results of the Forum's working group discussions and its Vision and Messages for Action have already been presented in the framework of the FAO Committee on Forestry in September 2012 and the UNECE Timber Committee meeting in October 2012. In order to disseminate the main results of the Forum a special event is being planned in the framework of the tenth session of the United Nations Forum on Forests to be held in April 2013 in Turkey.

(*Signed*) Viktor **Sivets**
Head of State Forest Resources
Agency of Ukraine

[1] The full text of the final report is contained in a publication available in English and Russian. For the full report, see http://www.unece.org/forests.html.

Foreword by the Head of the Forest Division, Federal Office for the Environment, Switzerland

We are extremely pleased that the Governments of Ukraine and Switzerland could jointly prepare the Lviv Forum as a Country-led Initiative in support of the United Nations Forum on Forests (UNFF). We thank all who have contributed to make the Forum happen and we are convinced that it will be of value for the entire region. It was a pleasure to work with the representatives of the Ukrainian Government, but also with the secretariat of ECE/FAO in Geneva, UNFF in New York and with the Liaison Unit of Forest Europe in Madrid. Special thanks go to the Director of UNFF, Ms. Jan McAlpine, for her continued support both before and during the Forum.

Switzerland has eight years of experience in collaborating on the FORZA project between the Ukraine Forest Administration and the Swiss Agency for Development and Cooperation, covering different issues in the field of forests in a green economy. The results of this successful collaboration were an excellent basis for preparing and implementing this workshop.

The Lviv Forum was an exciting platform to further clarify the concept of a green economy, how forests can contribute to it and whether it can be made operational in the countries of the region. The results will also be presented at different global processes, including the United Nations Forum on Forests, the climate change negotiations, and the Committee on Forestry of FAO. Additionally this will be a contribution to the work programme of Forest Europe and the implementation of the action plan of the forest sector in a green economy, developed under the UNECE Timber committee and the European Forest Commission of FAO.

(*Signed*) Rolf **Manser**
Head of Forest Division
Federal Office for the Environment
Switzerland

Executive Summary

Background and objectives

This book presents the results of the Lviv Forum on Forests in a Green Economy: Actions and Challenges for the Countries of Eastern Europe and Northern and Central Asia, which took place in Lviv, Ukraine, from 11 to 14 September 2012. The Forum reviewed what the emerging green economy means for the special circumstances of the countries in Eastern Europe and Northern and Central Asia, and agreed on a vision and message for the future. The Forum is a Country-Led Initiative of the United Nations Forum on Forests. Given the structure of the discussion, based on and led by the elements of the Action Plan for the Forest Sector in a Green Economy developed under ECE/FAO, it is also an important contribution to this work. Given the relevance of the topic at the global and regional level, the forum also contributes to the work undergoing under the FAO Committee on Forestry and Forest Europe.

The forest sector in a green economy

The forest sector in a green economy is a forest sector which contributes to the emerging green economy by improving human well-being and social equity while significantly reducing environmental risks and ecological scarcities. In every aspect of its activities, it minimises carbon emissions, uses resources efficiently and is socially inclusive. The *Action Plan on the Forest Sector in a green economy in the ECE region*, being prepared under the leadership of UNECE/FAO, proposes a series of objectives and possible actions to achieve these objectives, to be implemented by international organisations, governments of member states, the private sector, civil society and other stakeholders. The Forum based its work on the Action Plan.

The forest sector in Eastern Europe and Northern and Central Asia

The region has a fifth of the world's forests, mostly in one country, Russia, which accounts for 90% of the region's forests. Much of central Asia has very low forest cover. With a few exceptions, the forest sector accounts for only a small part of the total economy, and most countries are dependent on imports for their supply of forest products. Almost all countries in the region were formerly part of the USSR or Yugoslavia and are in a transition process with far-reaching consequences for the economy and society.

The main issues and challenges for the forest sector in the region are:

- Remoteness and lack of infrastructure
- Transition and changes in structures and society, including the need to improve governance
- Illegal logging
- Lack of and threat to protective functions because of low forest cover
- Lack of priority for the forest sector in national development plans.

Conclusions and recommendations

Most of the time during the Lviv Forum was devoted to detailed and lively group work at the regional level. In view of the representation of participants, the group initially planned for the Caucasus and Turkey was not established, and all participants were split into the following four regional working groups: Balkans, Eastern Europe, North and Central Asia, Ukraine. Each group prepared conclusions and recommendations under four themes:

- Sustainable forest industries and products
- Forest ecosystem services and the role of forests in low carbon economies
- Employment and livelihood opportunities in the forest sector
- Forest governance in a green economy

The conclusions of each group are reproduced in this book.

The Forum adopted a Vision and message, which has ten main points:

1. Capture the true values of forests
2. Use all resources efficiently
3. Be energy-wise
4. Make jobs decent and green
5. Address threats to forests
6. Define governance principles and stick to them
7. Update skills
8. Innovate and build partnerships
9. Cooperate across boundaries
10. Make the case for the forest sector's role in the green economy

1. Introduction

Background and objectives of the Forum

The forest sector can make a significant contribution to national sustainable development in the countries of Eastern Europe, Northern and Central Asia (EENCA). In particular, the forest sector can play a leading and exemplary role in the emerging green economy in the region. However there are many challenges to be overcome before this potential is reached. The objective of the Lviv Forum was to explore the challenges and possible solutions, at the regional level, by bringing together stakeholders, policy makers and international experts to share experiences and explore opportunities to implement the green economy in the forest sector of the region. The overall aim is to make the concept of the forest sector in the green economy meaningful, operational and beneficial for forest management and forest communities in the countries of Eastern Europe, Northern Europe and Central Asia.

The specific objectives of the Forum were:

- To share and discuss lessons learned from international and national experiences, including regional initiatives for the implementation of green economy concepts and requirements in the forest sector.
- To enhance the understanding of key trends and issues in: forest goods and services, income generation from forest-based activities, energy demands on forests, the role of forests in carbon economies, biodiversity conservation, the sustainable use of forests and related topics.
- To strengthen cooperation and to enhance partnerships among countries and key stakeholders as they address common challenges; and
- To recommend actions to strengthen forest policies, institutions and practices that support the green economy, in order to bridge the gap between the existing theoretical discussions and practical needs.

The Forum was a contribution to UNFF and the outcomes, especially the recommendations, will be presented to UNFF at its tenth session, 8-19 April 2013, Istanbul, and to a wider public in 2013. They will also be transmitted to national governments in the EENCA region. The outcomes (analysis, contributions by participants, discussions, recommendations) are being made available in a consolidated form to make them as useful as possible to Forum participants and a wider audience, over a longer period.

These proceedings will:

- Summarise the main concepts relevant to the forest sector in the green economy, notably through the Action Plan on the topic prepared under the leadership of ECE/FAO
- Describe briefly the main features of the forest sector in the EENCA region
- Identify a few major issues and challenges to the forest sector in the region
- Present the conclusions of the regional working groups on the four topics addressed at the Forum
- Present the vision and message agreed by participants

Data sources and quality

The analysis in the paper is based on public international sources, mostly FAO, using international definitions, and so may not correspond exactly to data published at the national level, using national definitions. The main sources are the FAO Global Forest Resource Assessment 2010 (FRA 2010) and the FAO statistical database (FAOSTAT).[2] The annex tables 1-7 present data by country, which are summarised by country group in chapter 2. No attempt has been made to "correct" the published data by presenting subjective estimations, so that some anomalies are visible, including negative apparent consumption in a few countries (often due to under-reporting of production data). Data are particularly weak for wood energy use, and in countries where the forest sector accounts for a very small share of GDP.

[2] Global Forest Resource Assessment 2010. FAO Forestry Paper 163. Statistics available for download at http://faostat.fao.org/site/626/DesktopDefault.aspx?PageID=626#ancor.

Shortages of information represent one of many obstacles to sustainable forest management in the region.

The term "forest sector" is used throughout this book to refer to the complex of activities related to, and dependent on, the forest, from silviculture and forest management to the production, trade, consumption and recycling of forest products. Conceptually the "forest sector" includes all activities and professions linked to the forest, including also management of forests in conservation areas, forest recreation and tourism, education and training of foresters and forest workers, application of forest law, communication on forest issues etc. However, when it is necessary to quantify the activities of the "forest sector", notably to relate the sector to GDP or to measure employment or value added in the sector, it is necessary to describe certain groups of activities on the basis of official statistics. The definition of "forest sector" used internationally covers only the following ISIC/NACE headings:

02: Forestry, logging and related services

20: Manufacture of wood and articles of wood

21: Manufacture of paper and paper products.

Therefore estimates of economic activity or employment of the forest sector in this book are underestimates, although it is not possible to estimate the extent of this error.

Country groups

The countries of the region have been split into four country groups, for purposes of analysis, with quite different characteristics (as well as significant differences within the country groups). The four groups used in the descriptive part of this book are as follows:

Balkans: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Romania, Serbia, the former Yugoslav Republic of Macedonia.

Eastern Europe: Belarus, Moldova, Russian Federation, Ukraine.

North and Central Asia: Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan, Uzbekistan.

Caucasus and Turkey: Armenia, Azerbaijan, Georgia, Turkey.

Almost all of the countries in the region were part of the Soviet Union or the former Yugoslavia, so data series only start in the mid 1990s, later in a few cases, when the countries became independent.

2. The Lviv Forum's Vision and Messages for Action

This message is based on the deliberations of the Lviv Forum and its Working Groups, whose conclusions and recommendations are included in the output of the Forum as well as feedback from participants after the Forum. The Forum wished to identify and convey a message to the international level, for instance the United Nations Forum on Forests.

Introduction

The Lviv Forum discussed the opportunities and challenges of the region to realize the full potential of forests, and developed the following vision. The Forum based its discussion on the Action Plan for the forest sector in a green economy.[3]

The region is moving towards the realization of the full potentials of forests and their role in economic development in the context of a green economy. The functions of forests are rich and complex and are at the heart of ecological, social and economic development. Forests provide wood, protect soil and water, store carbon, shelter biodiversity, supply energy and non-wood forest products, and help prevent disasters. Forests are critical for the well-being of people in Eastern Europe and North and Central Asia and throughout the world as they provide livelihoods and employment.

The countries in the region will be able to achieve the full potential of their forests by continuing to increase the understanding of the key roles and functions of forests and trees outside forests to fully integrate them into the economic and development frameworks, and by increasing their contribution to the green economy, for instance by implementing the actions proposed in the Action Plan, to make the sector more low carbon, resource efficient and socially inclusive.

The member organizations of the Collaborative Partnership on Forests as well as regional and subregional organizations are invited to facilitate implementation of the actions identified by the Lviv Forum.

The Lviv Forum approved ten key messages:

1. Capture the true values of forests

The true economic value of forests including all its biological and social functions and the full spectrum of forest activities and related economic exchanges needs to be captured, reflected and integrated in decision making including for investment. The capture of non-monetary values is an integral part of the green economy.

To maximize the profitability of forests, valuation of forest goods and services needs to be based on sets of data and information which capture all forest functions, products and services and related transactions.

Possible actions include:

- Identify parameters and collect data which will better capture the entire spectrum of monetary and non-monetary values of forests and their functions, including wood and non-wood forest products and their markets, as well as services. Then collect high quality information usable as a basis for decision-making. One example of an area of potential improvement is eco-tourism, where better data would reflect the social and economic impacts of forests on local communities. Use the information collected to develop policies and management plans.

[3] ECE/TIM/2012/10. The Action Plan is still in the process of consultation.

- Target public and private investment to stimulate forests and the forest sector and develop structural regional plans to realize all the priorities and potential of forests.

2. *Use all resources efficiently*

The full economic potential of non-wood forest products and recreational and social functions is left untapped. Also wood residues and waste are underused. The opportunities to realize the full potential of forest products and services should not be wasted. This is a vital contribution to a low carbon economy, as efficiency in resource use contributes to climate change mitigation. Payment for ecosystem services encourages and protects the supply of services which are often at present threatened or provided free of charge at the cost of the forest owner.

Investment in updated and green technologies and innovation will make industry, transport and forest management more efficient and more competitive.

Possible actions include:

- Identify the economic, social and environmental functions which can be provided by forests, and then develop strategies to develop and integrate systems for payment for ecosystem services, including at the regional level.
- Invest in transport infrastructure.

3. *Be energy-wise*

Forests provide a key source of renewable energy in many countries in the region and in many cases wood energy is essential to livelihoods in rural areas and contributes to poverty alleviation. There is a big potential to develop the supply and use of wood-based energy on a sustainable basis. However, despite the fact that wood energy, when sustainably produced, is renewable and carbon neutral, making a significant contribution to the emerging green economy, the production and use of wood energy should never be at the expense of essential forest functions.

Thus, conflict with other wood uses as well as resource scarcity should be considered when deciding to what extent forest resources should be used for energy. Use for energy of wood which is not required as raw material should be encouraged.

Possible actions include:

- Develop a national energy policy, including the framework for wood energy, and ensure that potential use and relative scarcity of wood fuel are addressed, according to each country's situation.
- Adopt modern and clean[4] energy technology, with high efficiency.

4. *Make jobs decent and green*

A sustainable workforce is necessary to achieve sustainable forest management, yet workforce issues have often been ignored at the policy level. The forest sector workforce will need new skills to meet the challenges of the green economy, but there is much to achieve before all forest sector jobs are "decent green jobs", defined as jobs which promote the green economy and provide productive

[4] Specifically with low emissions of micro-particles.

work for women and men in conditions of freedom, equity, security and human dignity.[5]

Possible actions include:

- Put in place effective control of implementation of labour law and regulations.
- Improve social conditions of those employed in the forest sector.
- Improve occupational safety and health, notably for forest workers.

5. Address threats to forests

Only healthy forests can provide goods and services sustainably and can contribute to a green economy in the long term. However, increasingly the forests in the region are threatened by a changing climate, including increased frequency and intensity of storms, droughts and related forest fires, pests and diseases, and invasive species, as well as by human actions. Some forests in the region might even be changed from carbon sinks to carbon sources.

Possible actions include:

- Include adaptation of forests to climate change, and their contribution to climate change mitigation, in forest management planning, research and forestry practice.
- Enhance trans-boundary cooperation in forest protection.

6. Define governance principles and stick to them

Good governance of the forest sector is a prerequisite for its sustainable development and for its contribution to the green economy as a whole. "Governance" relates to formal and informal rules and processes through which public and private actors articulate their interests and decisions are made, implemented and sustained. Key factors contributing to good governance in FAO's mandated areas of work are:

- Participation — that people are able to participate freely, fully, actively and meaningfully in the planning, design, monitoring and evaluation of decisions affecting them;
- Accountability — that public officials are answerable within their organizations and to the people they serve, for their actions;
- Transparency — that holders of public office are as open as possible about all the decisions and actions that they take;
- Equality and Fairness — that all groups, particularly the most vulnerable, have equal opportunities to improve or maintain their well-being;

[5] According to the ILO, "decent work" involves opportunities for work that is productive and delivers a fair income; provides security in the workplace and social protection for workers and their families; offers better prospects for personal development and encourages social integration; gives people the freedom to express their concerns, to organize and to participate in decisions that affect their lives; and guarantees equal opportunities and equal treatment for all.

- Efficiency and Effectiveness — that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal; and
- Rule of law — that governments are as bound by laws as the citizens, and that the laws themselves are consistent with international human rights.

These principles should be applied all over the region.

Sticking to these principles is essential to develop necessary institutional capacities to improve sustainable management of forests. This also facilitates the updating of forest laws and regulations, their application and forest law enforcement, including FLEG.

Possible actions include:

- Decentralize decision making power to the local level as appropriate.
- Implement the commitments of the St. Petersburg Declaration on Forest Law Enforcement and Governance in Europe and North Asia and the Framework Convention for the Protection and Sustainable Development of the Carpathians.
- Draw up criteria for evaluating governance performance.
- Combat illegal logging and related trade.
- Modernise the legal and regulatory framework for the forest sector in the region.

7. Update skills

Training and education needs to embrace and facilitate a comprehensive view of the multiple functions of forests in order to understand and manage traditional and new activities, and to address emerging challenges, notably those relating to the forest sector in a green economy.

While qualified foresters in the region generally have been well trained, often their skills have not been updated in the light of recent trends, including in other sectors. Manual forest workers in the region have often received only rudimentary training. Access to continuing training, for all employed in the forest sector, is an essential element of a sustainable approach to forest management and realization of the full potential of forests in a green economy. There is also a need to improve linkages with other sectors in the field of education and training. Continuing learning will also contribute to the regular updating of knowledge on biodiversity conservation and green production.

Possible actions include:

- Reform and implement comprehensive and multi-level training and education programmes which reflect all values and functions of forests at the national level.
- Strengthen and raise the level of vocational training in the region.

8. Innovate and build partnerships

Innovative products and services can create new markets and promote a greener and more equitable economy. In order to promote and support innovation in forest and forest based activities, new opportunities can be created by joining forces with other sectors, including those working on renewable energy, water and food and agriculture. Partnerships should also address bio-based products, green technologies and recycling, which can facilitate innovation and creation of new markets, as well as long standing issues such as the lack of infrastructure, notably forest roads. Public-private partnerships in the forest sector and other forms of cooperation between the public and private sectors should be developed.

Possible actions include:

- Facilitate and support new cross-sectoral partnerships through initiatives in priority areas such as agriculture, wood-related energy and water.
- Facilitate the transfer of innovative technologies.

9. Cooperate across boundaries

The Lviv Forum confirmed that there are common regional issues for the forest sector in a green economy, and that countries and stakeholders can benefit from cooperation across boundaries, between neighbouring countries, or indeed at the regional and global levels, to develop common strategies and exchange knowledge and experience. Several regional and international structures, including those which supported the Lviv Forum, are available to support this work.

Possible actions include:

- Develop regional guidelines for the forest sector in a green economy, based on the experience and results of the Lviv Forum, and taking account of specific national circumstances.

10. Make the case for the forest sector's role in the green economy

The forest sector can and should play an exemplary and leading role in the move towards a green economy. However, the sector itself is not yet aware of the full potential, and does not receive priority in most country's strategic plans for sustainable development, partly because of the weakness of many of its institutions. There is a need to make the case for the forest sector in a green economy, starting by explaining, on the basis of objective evidence, the values contributed by the forest sector, as well as the role of forests in contributing to clean water, food supply, renewable energy and poverty alleviation, and other essential parts of the green economy.

Possible actions include:

- Take the lead in raising awareness at all levels of society of the forest sector's potential and challenges.
- Contribute to implementing the Action Plan for a forest sector in a green economy.

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United Nations Forum on Forests
Tenth session
Istanbul, Turkey, 8-19 April 2013
Item 5 of the provisional agenda*
Forests and economic development

Letter dated 27 February 2012 from the Permanent Representative of Germany to the United Nations addressed to the Secretary-General

I have the honour to inform you that Germany organized a conference entitled "Contributions of Forests to a Green Economy", which was held in Bonn, Germany from 4 to 7 October 2011.

The key objective of the conference as a United Nations Forum on Forests country-led initiative was to provide conclusions and recommendations on how to realize the potential of forests in building a green economy as a contribution to the preparatory process for the United Nations Conference on Sustainable Development (Rio+20) in Rio de Janeiro, Brazil, in June 2012 and the tenth session of the United Nations Forum on Forests in Istanbul, Turkey in April 2013.

I should be grateful if you would circulate the attached Co-chairs' summary of the conference as an official document of the tenth session of the Forum. The Secretary-General of the United Nations Conference on Sustainable Development has also received a copy with a request to circulate the summary to participants of the preparatory process for the Rio+20 Conference.

(*Signed*) Peter **Wittig**
Ambassador
Permanent Representative of Germany

* E/CN.18/2013/1/Rev.1

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Annex to the letter dated 27 February 2012 from the Permanent Representative of Germany to the United Nations addressed to the Secretary-General

Country-led initiative "Contribution of Forests to a Green Economy"
4 to 7 October 2011
Bonn, Germany

Summary by the Co-chairs

I. Introduction

1. "The three Gs of Global Green Growth must respond to social, economic and environmental challenges equally. Because we live in an era of three Fs: crises in Food, Fuel and Finance. So we need to enhance the three Es: the Economy, the Environment and global Equity." (Secretary-General, 11 October 2011, on the occasion of the Global Green Growth Forum in Copenhagen).

2. The conference "Contributions of Forests to a Green Economy", a country-led initiative in support of the United Nations Forum on Forests, was held from 4 to 7 October 2011 in Bonn, Germany. The conference was hosted by Germany and co-sponsored by Austria and Finland. More than 100 representatives from Governments, international and regional organizations, and major civil society groups from over 45 countries attended.

3. The conference was co-chaired by Manfred Konukiewitz, Deputy Director General, Global and Sectoral Policies, German Federal Ministry for Economic Cooperation and Development, and Everton Vieira Vargas, Ambassador of Brazil to Germany.

4. The key objective of the conference was to provide conclusions and recommendations on how to realize the potential of forests in building a green economy as a contribution to the preparatory process for the United Nations Conference on Sustainable Development (Rio+20) and the tenth session of the United Nations Forum on Forests.

5. The present summary highlights the main issues discussed and the main findings of the conference. It describes the general perceptions of the participants, but does not imply that a consensus was reached on all elements of the summary, for which the Co-chairmen take full responsibility. For a more detailed reflection of the discussion, the conference proceedings can be consulted at www.un.org/esa/forests/gov-unff.html.

II. Main findings of the Conference

A. Forests and their key role in transitioning to a green economy

6. Forests are highly significant in achieving a transition towards a green economy, which would contribute to sustainable development and the Millennium Development Goals.

7. Forests are critical for human well-being and poverty reduction across landscapes and economic sectors. They provide a variety of goods and services that are essential for long-term social and economic development and the reduction of environmental risks and ecological scarcities. They also provide income and subsistence to hundreds of millions of people. The livelihoods of over 1.6 billion people depend on forest goods and services.

8. Wood and manufactured forest products and non-timber forest products add significant value to the world economy. A value-adding and competitive forest sector provides employment and therefore significantly contributes to livelihoods and poverty eradication, especially in rural areas. To be sustainable and competitive, the forest sector must develop its inherent potential to further improve its efficiency in using natural resources and at the same time reduce its ecological footprint in terms of effluents, emissions and waste. Green investments in the forest sector provide safe and long-term rates of returns along with the multiple co-benefits relating to climate, biodiversity, protective functions related to soil, water and flood control, as well as employment. These investments could also play a role in assisting countries to recover from the current financial crisis.

B. Significant progress since the 1992 United Nations Conference on Environment and Development

9. The world has changed dramatically since 1992 — politically, environmentally, economically, culturally, and in the area of communication technology. The present financial crisis offers opportunities for a transition towards more sustainable economies. Changes towards open, inclusive governance and the availability of new information and communication technologies are coming together to provide possibilities for informed choices by policymakers, citizens, consumers and producers. The perceptions and vision of forests have also changed as forest values and their contributions to sustainable development have become more visible. These changes provide opportunities for conserving and sustainably using forests as a key element of a green economy.

10. Significant progress has been made at the national, regional and international levels in enhancing the contribution of forests to long-term sustainable development. There is better and wider understanding of sustainable forest management and there now is agreement on the non-legally binding instrument on all types of forests as a comprehensive instrument containing the Global Objectives on Forests. In addition, forest-related issues have been integrated into the work of several multilateral environmental agreements, including the three Rio Conventions: the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and the United Nations Convention to Combat Desertification. Concrete areas of progress also include community-based forest management, expansion of protected forest areas, increase in afforestations, forest science and monitoring, and the participation of stakeholders in international deliberations relating to forests.

11. Progress has also been made in terms of forest law enforcement, governance and related trade and in applying voluntary market-based mechanisms. The importance of forests in mitigating and adapting to climate change and in hosting the vast majority of terrestrial biodiversity is increasingly acknowledged. Some

countries have shown how forests can become a centrepiece in the transition towards a green economy.

12. A new paradigm for international cooperation has emerged, encompassing South-South, triangular and North-South cooperation among Governments and with the private sector, harnessing existing abilities and building capacities that increasingly take into account the perspectives and needs of developing countries.

C. Forests for the future

13. The emerging green economy provides a unique opportunity for attaining the full potential of forests for social and economic development, as well as resilience against environmental risks and disasters. With their products and services, forests have the potential to contribute to overcoming some of today's global challenges, such as poverty and hunger, water scarcity, the need for employment, renewable energy, resource efficiency and a low-carbon economy, climate change and biodiversity loss. However, realizing this potential requires innovative policies and market solutions that assign appropriate value to the variety of benefits provided by forests and that present forests as investment-worthy assets in the economic system. Investments in forests and forest restoration as well as innovation in forest-based production are important elements of a green economy.

D. Limitations

14. According to the *Global Forest Resources Assessment 2010* of the Food and Agriculture Organization of the United Nations (FAO), in the past decade around 13 million hectares of forest were converted to other uses or lost through natural causes each year, compared with 16 million hectares in the 1990s. There is increasing competition for land and, to the detriment of forests, the current economic system favours short-term economic benefits over long-term sustainable investments. The economic values of forest goods and services are not fully accounted for or adequately reflected in the market and in Government decision-making processes. There is increasing and competing demand for forest products and services, food and raw materials owing to increases in the world's population and changing consumption patterns, which are likely to exacerbate the current pressures on forests in the next few decades. Sustainable forest management is a key to addressing these challenges.

E. Unleashing the potential of forests

15. The emergence of a green economy provides an opportunity for the development of policy frameworks and market instruments that effectively curb deforestation and forest degradation and unleash the full potential of forests to contribute to long-term sustainable development. Key areas of action include institutions, governance and stakeholders; forest valuation and financing; human benefits; and bio-based products and the private sector.

1. Institutions, governance and stakeholders

16. The green economy and forests cut across sectors. There is a need to overcome the fragmentation of sectors and institutions dealing with forests. Setting comprehensive, cross-sectoral and cross-institutional policies can assist in this task. National circumstances, priorities and capabilities need to be taken into account. In doing so, countries could follow a gradual and transparent approach involving all stakeholders in order to build trust and confidence.

17. The green economy provides an opportunity for all countries to enhance strengths, fill gaps and improve functionality in forest-related legal frameworks and governance practices that link protection and use of forest ecosystems, the livelihoods of local communities and indigenous peoples, and small to large investments and other issues.

18. Further action is needed as follows:

- Expand the forest policy perspective in order to achieve a more holistic approach to forests by taking into account environmental, social and economic dimensions
- Strive for better inter-agency coordination and planning and build networks and partnerships across sectors and institutions
- Raise the political profile of forests and integrate forests and forestry into national plans and strategies for sustainable development in an inclusive and participatory way, including by addressing the role of young people and gender; equitable tenure systems; landowner and community associations; the need for effective legal and institutional frameworks and for anti-corruption measures; the role of science and information and communication technologies
- Create enabling conditions and capacity to expand access to information and communication technologies and geospatial technology services to rural and underserved areas in order to support transparent and participatory decision-making about natural resources
- Enhance coordination among international organizations by strengthening the work of the Collaborative Partnership on Forests and its members
- Take full advantage of the review of the effectiveness of the international arrangement on forests in 2015.

2. Forest valuation and financing

19. Forests provide a variety of goods and services that are key assets in a green economy. Mainstreaming forest values in national policymaking decisions can help to transform national economic policies towards a green economy in the context of poverty eradication and sustainable development. However, there is an urgent need to raise the awareness of policymakers and general society about the potential of forests for employment, water, climate, biodiversity, energy, food security, disaster risk reduction, rural development and contributing to GDP. To maximize the contribution of forests, there is a need to make use of existing opportunities and to address gaps in areas such as the valuation of forest goods and services and the inclusion of forest values in national accounting systems, communication and information exchange as well as related capacities.

20. Further action is needed as follows:

- Provide and share information, experiences and tools regarding the valuation of forest goods and services, including the informal sector contribution, and their inclusion in national accounting systems; build relevant capacities, including human capacities, for country-specific applications, involving academia, civil society, the business sector and the private sector
- Tap REDD+ financing to maximize the contributions of forests to a green economy, taking into account the special circumstances of small island developing States and low forest cover countries
- Promote fiscal reforms to stimulate the transformation to a green economy, taking into account the national circumstances of countries
- Promote the development and use of payments for ecosystem services related to forests
- Initiate a comprehensive assessment of available knowledge regarding the valuation of forest goods and services in practice.

3. Human benefits

21. Benefiting people is one of the guiding principles and main characteristics of a green economy. Forests supply a full range of benefits, whether environmental (water and carbon sequestration), social (cultural importance and shelter), or economic (income and employment). They provide a unique and, in many cases, the only opportunity to sustainably generate income and employment and thus reduce poverty, especially for forest-dependent indigenous peoples and local communities living in economically disadvantaged and rural regions in all countries.

22. Further action is needed as follows:

- Enhance the involvement of forest right-holder groups such as local communities, indigenous peoples, land or forest owners and other stakeholders by developing and implementing a legal and policy framework for participation in decision-making regarding forests and in the design of mechanisms for sharing benefits from specific forest products and services
- Research and develop clear models of benefit-sharing
- Create employment and generate income from forest products and services at the local level
- Recognize local and customary practices in law or in policy and take them into account in the practice of sustainable forest management
- National Governments should explore options to develop clear and appropriate forest tenure arrangements that benefit people
- Encourage Governments, donors, foundations and non-governmental organizations to channel resources to local stakeholders to improve knowledge management, organization, capacity-building and technical assistance
- Develop and implement national and regional communication strategies regarding the role of forests in a green economy, targeting all relevant stakeholders across sectors

- Fully implement international commitments regarding the respect for and the preservation and maintenance, application and sharing of benefits from traditional forest-related knowledge and implement the principle of free, prior and informed consent, as established in the United Nations Declaration on the Rights of Indigenous Peoples.

4. Bio-based products and the private sector

23. Forests provide multiple renewable resources and, as a result, the forest sector is in a position to satisfy growing and changing markets, especially for food, feed, fibre, fuel and shelter, or bio-based products originating from biological renewable resources and ecosystem services.

24. The forest sector has made significant progress in improving the management of forests and production processes and in demonstrating to markets the progress made through voluntary forest certification and chain of custody verification. However, more work is needed to ensure a level playing field between different products and/or regions, consistent and in harmony with relevant international obligations, and to expand green markets through increased willingness to pay for green products; better access to market information; and increased consumer awareness. Innovation in forest management, process technologies and new forest and bio-based products can respond to the needs of growing and changing markets and society's expectations.

25. Further action is needed as follows:

- Ensure that the tools used to enhance and demonstrate the sustainability of forest management and production processes guarantee fair competition with other resource-based sectors and fair trade between countries and do not constitute non-tariff barriers to trade
- Promote public-private partnerships to strengthen dialogue and the flow of information between science and practice along the whole value chain
- Dedicate seed funds from the public and/or private sector in order to (a) help local communities to develop businesses and gain access to markets and; (b) support pre-competitive research and development for innovation
- Ensure transparency of value chains and markets for forest products and services
- Promote the potential of harvested wood products as long-term carbon storage and as a substitute for other less climate-or environmental-friendly materials.

F. Cross-cutting issues

26. The following cross-cutting issues deserve particular attention when taking action towards increasing the contributions of forests to a green economy:

- Mainstreaming gender in all forest policies and programmes at the national and international levels
- Promoting international cooperation in research, development, transfer and diffusion of technology

- Mobilizing new and additional financial resources from all sources for the implementation of sustainable forest management
- Promoting capacity development, in particular for developing countries and local communities
- Enhancing the participation and active involvement of all relevant stakeholders in decision-making and implementation
- Further strengthening international cooperation on assessment and monitoring of forests and products and the services they provide
- Acknowledging and supporting international stakeholder-led initiatives towards a better contribution of forests to a green economy.